

Message Text

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ACTION EB-06

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TO SECSTATE WASHDC PRIORITY 4634

UNCLAS THE HAGUE 5294

E.O. 11652: N/A

TAGS: EAIR, NL

SUBJ: US-GON CIVAIR TALKS--WESTERTRP LETTER

REF: HAGUE 5288

FOLLOWING ARE EXCERPTS FROM LETTER OF OCT 29 IN WHICH TRANSPORTATION
MINISTER WESTERTRP RESPONDED TO QUESTIONS ON US-GON CIVAIR TALKS
POSED BY MEMBERS OF SECOND CHAMBER.

QUOTE BY ALMOST TOTALLY ELIMINATING CARRIAGE OF TRANSIT
PASSENGERS, AMERICAN PROPOSALS WOULD MEAN A CUT IN KLM OPERATIONS
ON NORTH ATLANTIC ROUTE OF SUCH MAGNITUDE THAT THEY WOULD BE
BOUND TO HAVE AN INFLUENCE ON KLM'S REMAING WORLDWIDE NETWORK.

RESULTING ADJUSTMENTS WOULD HAVE A DIRECT AND
UNFAVORABLE INFLUENCE ON EMPLOYMENT, SIZE OF WHICH CAN ONLY
BE GUESSED AT NOW. WE BELIEVE, MOREOVER, THAT AMERICAN
PROPOSALS WOULD HAVE SERIOUS CONSEQUENCES NOT ONLY FOR
AVIATION BUT ALSO FOR DUTCH-AMERICAN RELATIONS IN GENERAL.

IN OUR OPINION, PAN AM'S LOW SHARE OF NORTH ATLANTIC
TRAFFICE RESULTS FROM A LACK OF COMMERCIAL ACTIVITY. THIS
IS UNDERLINED BY FACT THAT US SHARE IN AIR TRANSPORTATION
MARKET OF OTHER SMALL COUNTRIES IS ALSO SMALL. IT IS
NATURAL TO CONCLUDE THAT AMERICAN COMPANIES CONCENTRATE ON
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SERVING THE BIG EUROPEAN COUNTRIES, AND STATISTICS SUPPORT

THIS.

IN ADDITION, THERE IS SOME QUESTION WHETHER REDUCTION
IN KLM CAPACITY WOULD APPRECIABLY BENEFIT PAN AM.

WITH RESPECT TO BALANCE OF BENEFITS, DUTCH SIDE POINTED
OUT THAT EXCESS OF PAYMENTS BY KLM TO US OVER AMOUNT OF ITS
RECEIPTS FROM AMERICAN AMOUNTED TO \$259 MILLION OVER LAST TEN
YEARS. THE ADMITTEDLY GREATER REVENUES FROM PASSENGER
TRANSPORTATION ARE MORE THAN MATCHED BY PAYMENTS RELATED TO
PURCHASE OF AMERICAN AIRPLANES.

TO SUMMARIZE:

---AMERICAN PROPOSALS ARE BASED ON ONE SIDED INTERPRETATION
OF AVIATION AGREEMENT.

--ONLY PART OF POSSIBLE PASSENGER TRAFFIC FREED BY
REDUCTION OF KLM CAPACITY WOULD BENEFIT PAN AM; A BIGGER SHARE
PROBABLY WOULD BECOME SIXTH FREEDOM TRAFFIC FOR BIGGER EUROPEAN
AIRLINES. BENEFIT GAINED BY PAN AM, THEREFORE, WOULD BE
NOWHERE NEAR AS GREAT AS DAMAGE SUFFERED BY KLM.

--IF AMERICAN PROPOSALS WERE USED AS A YARDSTICK FOR
AVIATION RELATIONS IN FUTURE, MEANS OF EXISTENCE OF IMPORTANT
SEGMENT OF WORLD AIRLINE NETWORK, PARTICULARLY THAT OF SMALL
COUNTRIES, WOULD BE HARMED.

BECAUSE OF IMPORTANCE WE GIVE TO REACHING REASONABLE
AGREEMENT WITH REGARD TO REDUCTION OF CAPACITY (RELATED TO
MARKET CONDITIONS), AND BECAUSE INTERESTS AT STAKE ARE SUCH
THAT NEGOTIATIONS CANNOT BE SEPARATED FROM GENERAL POLITICAL
RELATIONS, I PROPOSE PERSONALLY TO LEAD THE DELEGATION WHEN
IT RESUMES TALKS WEEK OF NOVEMBER 11. UNQUOTE

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